



To: Texas House Committee on International Relations & Economic Development,
Texas House Committee on Defense and Veterans Affairs

From: Tony Bennett, President & CEO, Texas Association of Manufacturers

Date: August 31, 2020

Re: Committee request for information regarding interim charge 5

The Texas Association of Manufacturers (TAM) represents over 600 manufacturing companies in Texas, including 70 of the state's largest industry employers. Manufacturing is a core element of the Texas economy, directly employing over 869,000 workers who earn an average compensation of more than \$82,500 annually. Moreover, a typical manufacturing job supports 3.8 additional jobs in our state, with some industry sectors, such as petrochemical - which uses Texas oil and gas – providing even higher related job multiples. Viewed in this manner, manufacturing accounts for about 30% of our state's overall employment.

TAM membership includes companies representing almost two dozen industry sectors. One of our state's most important industry sectors is Texas' aerospace, aviation and defense manufacturing industries. TAM is fortunate to have a large number of these companies as members, which are organized as one of TAM's many industry sector groups and known as the Texas Defense, Aerospace and Aviation Alliance (TDAAA).

I believe that the members of both committees can appreciate the ongoing importance of this industry sector as one of the best "landing" opportunities for military veterans returning into the workforce. This industry sector is very important in that regard since veterans are often a great fit for aerospace and defense careers. So, keeping this sector competitive to grow more jobs for Texas veterans is critical.

During the 86th Texas Legislature, legislators created a new law that aligns state franchise tax policy with Federal Acquisition Regulation (FAR), boosting Texas' competitive stance in attracting and retaining major defense-related aerospace projects. Prior to the passage of HB 1607 by Representative Craig Goldman and

Senator Larry Taylor, Texas was the only state that did not allow for a tax deduction for servicing expenses on aerospace/defense manufactured goods. The new law allows Texas to compete with all other states for good, high-paying jobs in this vital industry sector.

Texas has a proud heritage of supporting our military men and women who daily risk their lives to serve our country. Our aerospace and defense industry manufacturers would tell you that they are honored to provide them with the most advanced tools and products that give them the best advantage possible to prevail in any challenge. The companies of the Texas Defense Aerospace and Aviation Alliance and TAM are proud that many of these products are "Texas Made." We are grateful for the attention of the Texas Legislature to this industry sector, and for helping Texas continue to grow this industry, for the sake of our veterans and all Texas workers.